



WEEKLY ECONOMIC DIGEST

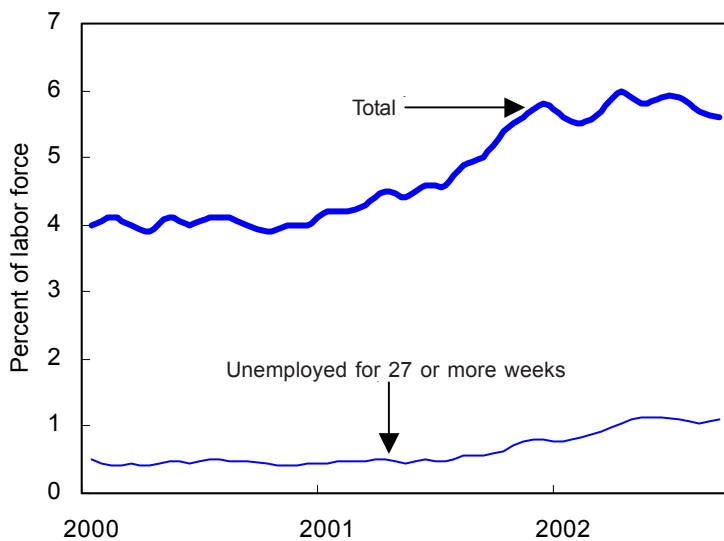


JOINT ECONOMIC COMMITTEE – DEMOCRATIC STAFF
SENATOR JACK REED (D-RI) – VICE CHAIRMAN

October 8, 2002

Employment Shows No Improvement in September

Unemployment Rate by Duration



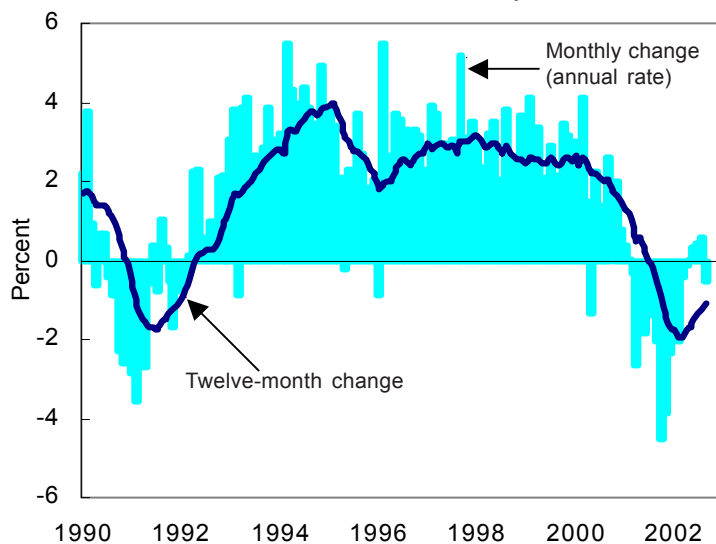
Source: Bureau of Labor Statistics, U.S. Department of Labor.

- **The unemployment rate inched down to 5.6 percent in September.** The 0.1 percentage point decline in the unemployment rate reflected a drop in the seasonally adjusted rate for teenagers; that drop is likely to be temporary. The unemployment rate for adults was unchanged at 5.1 percent in September.

- **The duration of joblessness rose.** The average length of an unemployment spell rose to nearly 18 weeks last month. In September, 1.6 million people (1.1 percent of the labor force) had been unemployed for 27 weeks or more. Relatively few of the unemployed were on temporary layoffs. Indeed, job losers not on temporary layoffs accounted for 43.6 percent of all unemployed, the highest proportion in nearly 10 years.

- **Payrolls edged down.** Private nonfarm payrolls dipped by 43,000 jobs last month. That decline (0.5 percent at an annual rate) left payrolls 1.1 percent below their level a year earlier. A loss of 35,000 factory jobs accounted for nearly the entire decline.

Private Nonfarm Payrolls



Source: Bureau of Labor Statistics, U.S. Department of Labor.

- **Factory shipments and construction spending fell in August.** Recent production indicators suggest that a recovery is not imminent for manufacturing and construction payrolls. Factory shipments and new orders dropped in August, and industry surveys suggest that manufacturing activity contracted further in September. After accounting for inflation, nonresidential construction declined to nearly 20 percent below last August's level. Office construction was particularly weak, reflecting very high vacancy rates.

- **Jobless claims continued rising in recent weeks.** Friday's jobs report reflects conditions in mid-September. More recently, new jobless claims rose during the week ending on September 28, nudging up the four-week moving average of new claims to 423,000, its highest level in nearly five months.

Economy At A Glance	Sep	Aug	Jul	Jun	2002 Qrt 3	2002 Qrt 2	2002 Qtr 1	2001 Qtr 4	2001	2000
Economic Activity										
Real GDP (% growth)						1.3	5.0	2.7	0.3	3.8
Industrial Production (% growth)		-3.5	4.9	7.4		4.1	2.6	-6.7	-3.9	4.5
Capacity Utilization (Level, %)		76.0	76.2	76.0		75.6	75.0	74.7	76.8	81.8
Civilian Unemployment Rate (Level, %)	5.6	5.7	5.9	5.9	5.7	5.9	5.6	5.6	4.8	4.0
Housing Starts (Thousands)		1609	1645	1692		1667	1725	1573	1603	1573
Real Disposable Personal Income (% growth)		2.4	0.0	7.4		3.6	14.5	-7.6	1.8	4.8
Retail Sales (% growth)*		9.4	13.9	17.8		4.3	-2.4	13.1	3.8	6.7
Personal Saving Rate (Level, %)		3.6	3.5	4.3		4.0	3.5	0.8	2.3	2.8
Inflation & Productivity										
CPI-U Inflation, All Items (% growth)		3.7	1.2	1.2		3.4	1.4	-0.3	2.8	3.4
Core CPI-U Inflation (% growth)		3.7	2.4	1.2		2.2	2.3	2.7	2.7	2.4
Compensation per Hour (% growth)						4.4	3.6	4.2	4.1	4.5
Output per Hour (% growth)						1.5	8.6	7.3	1.1	2.9
Financial Markets										
T-Bill Rate, 3-month (Level, %)	1.6	1.6	1.7	1.7	1.6	1.7	1.7	1.9	3.4	5.8
T-Note Rate, 10-years (Level, %)	3.9	4.3	4.7	4.9	4.3	5.1	5.1	4.8	5.0	6.0
Federal Funds Rate (Level, %)	1.8	1.7	1.7	1.8	1.7	1.8	1.7	2.1	3.9	6.2
Dow Jones Industrial Avg (Index level)	8161	8685	8617	9492	8488	9913	10105	9641	10189	10735

Sources: Bureau of Economic Analysis, U.S. Department of Commerce; Bureau of the Census, U.S. Department of Commerce; Bureau of Labor Statistics, U.S. Department of Labor; Board of Governors of the Federal Reserve System; Wall Street Journal; and, Haver Analytics.

Notes: Except where otherwise noted, values in the table represent percentage growth measured at seasonally adjusted **annual** rates. Growth in retail sales includes food services. Core CPI-U inflation is the percentage change in the CPI-U excluding food and energy as reported by the Bureau of Labor Statistics. Compensation is the Employment Cost Index for workers in private industry. Productivity is output per hour for private nonagricultural establishments. The 3-month Treasury bill rate is the secondary market rate.

* Subject to revision this week.

Upcoming Economic Releases:

- **U.S. Import and Export Price Indexes, September** [Release: Thursday, October 10]
- **Producer Price Indexes, September** [Release: Friday, October 11]
- **Advance Monthly Sales for Retail and Food Services, September** [Release: Friday, October 11]
- **University of Michigan, Consumer Sentiment, October (Preliminary)** [Release: Friday, October 11]